

1  
2 MEETING OF  
3 BOARD OF DIRECTORS  
4 CHICAGO DEVELOPMENT FUND  
5  
6  
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9

10 City Hall, Room 1000  
11 121 North LaSalle Street  
12 Chicago, Illinois

13 Friday, June 18, 2010  
14 9:00 a.m.

15 Commissioner Christine Raguso, Chairperson  
16 Stephanie Neely, Treasurer  
17 Carrie Austin, Alderman  
18 Margaret Laurino, Alderman  
19 Eugene Munin, Budget Director  
20 Gene Saffold, CFO  
21 Rafael Leon  
22 Tony Smith  
23 Scott Fehlan  
24 David Narefsky  
Robert Stephan

Reported by Donna M. Urlaub

1 (The proceedings in this cause  
2 commenced at approximately  
3 9:00 a.m., before the arrival  
4 of the court reporter. The  
5 report of proceedings began  
6 at 9:26 a.m.)

7 MR. NAREFSKY: That's a little bit of an  
8 unusual situation here because, you know, they  
9 consider themselves to be a church. But, of  
09:26AM 10 course, they're not necessarily a church in the way  
11 that other organizations more traditionally --

12 TREASURER NEELY: But they're not running  
13 this as a church.

14 ALDERMAN AUSTIN: Absolutely. No, they are  
09:26AM 15 not. They are not running this as no church.  
16 They're running it as a family center.

17 TREASURER NEELY: So churches can build  
18 family centers as long as they're not running them  
19 as churches, correct?

09:27AM 20 MR. FEHLAN: They don't have any separate --  
21 there is -- but the Salvation Army did represent to  
22 the City that Corps Community Center legally to  
23 them means a church. And there's no question  
24 there's a lot of other activities that go on, but

1 they represented they don't have any separate  
2 worship facility. Their definition of church is  
3 the entire community center. So when they said we  
4 have 28 corps community centers in Chicago, that  
09:27AM 5 means we have 28 churches in Chicago. So they're --  
6 it is kind of a hybrid, but they were very clear  
7 they don't have some separate church building they  
8 go worship in, it's this entire facility --

9 COMMISSIONER RAGUSO: So where the issue is --

09:27AM 10 ALDERMAN AUSTIN: But where the church  
11 facility is located in the annex of where they were  
12 showing yesterday is the church where they have  
13 church service as well as other services. So how  
14 do you just classify it only as a church only?

09:27AM 15 MR. FEHLAN: Oh, that was Salvation Army's  
16 representation, not ours.

17 COMMISSIONER RAGUSO: The issue that we --  
18 and I have asked Chairman León to be here today --  
19 that the Advisory Board had issues with too, is the  
09:27AM 20 fact that they want to be able to say who can come  
21 to the facility, and the religious --

22 MR. SAFFOLD: It's not open?

23 COMMISSIONER RAGUSO: No. They would have  
24 the authority to say --

1 ALDERMAN AUSTIN: What do you mean? Who  
2 could come to the facility?

09:28AM 3 COMMISSIONER RAGUSO: In the religious  
4 capacity. If a group wanted to come and use their  
5 facility or rent their facility, they want the  
6 ability to say no, you cannot use this, because  
7 it's in contradiction to their mission as a church.  
8 Which is understandable. They've made that very  
9 clear that they -- that they went up to their  
09:28AM 10 corporate board, and the corporate board will not  
11 allow certain --

12 ALDERMAN AUSTIN: But use the facilities for  
13 what?

14 COMMISSIONER RAGUSO: When they -- they have  
09:28AM 15 represented that they want to rent the facility.

16 ALDERMAN AUSTIN: Right.

17 COMMISSIONER RAGUSO: And if a group wanted  
18 to come and rent their facility that's in  
19 contradiction to what their core mission or their  
09:28AM 20 core beliefs are, they want the authority to say  
21 no, you cannot rent these facilities.

22 ALDERMAN AUSTIN: I don't think that's true.  
23 I do not believe that to be true. Because how -- I  
24 mean, what other religions are you talking about?

1 You're saying that if somebody is a Buddhist and  
2 they want to come and rent the facility, for what  
3 purpose?

4 COMMISSIONER RAGUSO: Okay. So to host --

09:29AM

5 ALDERMAN AUSTIN: So unless they are renting  
6 it for a religious purpose, I can understand that.  
7 But not if they are renting the facility for any  
8 other purpose. So what would they be renting out?

9 COMMISSIONER RAGUSO: You're right --

09:29AM

10 ALDERMAN AUSTIN: What part of the facility  
11 are they renting out?

12 MR. STEPHAN: I --

13 MR. SMITH: This is Bob Stephan. CDF  
14 retained him to --

09:29AM

15 ALDERMAN AUSTIN: Number one, when did all of  
16 these questions come up?

17 COMMISSIONER RAGUSO: At the Advisory Board.

18 ALDERMAN AUSTIN: When?

19 COMMISSIONER RAGUSO: Last week?

09:29AM

20 MR. LEÓN: If I could speak, please. I'm  
21 the Chairman of the Advisory Board and, as you also  
22 know, I am the Acting Chairman of the CDC, and this  
23 transaction was at the CDC last week.

24 During the Advisory Board, I asked

1 the question about the separation of church and  
2 state because it was presented that this is a  
3 religious organization. And we were clear that  
4 there was an opinion issued by Mayer Brown that  
5 that was okay.

09:29AM

6 The next question that I raised was  
7 whether they will comply with all City ordinances,  
8 including nondiscrimination regarding sexual  
9 orientation because, as I mentioned at the CDC,  
10 religious organizations have a lot of leeway on who  
11 they allow in their facilities. And that was a  
12 question that was presented. There was no answer  
13 at that time. So the attorney said they will look  
14 into it.

09:30AM

15 At the CDC last week, and you were  
16 present, and I made the same statements, and they  
17 said that yes, that they will comply with all the  
18 regulations and City ordinances.

09:30AM

19 Since then, I think that there have  
20 been some negotiations between the City and the  
21 Salvation Army to clarify what the real positions  
22 are.

09:30AM

23 So our position, our recommendation  
24 from the Advisory Board, as long as all decisions

1 are clarified, we were okay; but we want to make  
2 sure that the organization doesn't discriminate for  
3 any reason --

4 ALDERMAN AUSTIN: Right.

09:30AM

5 MR. LEÓN: -- in complying with the City  
6 ordinances. But that's not what has transpired  
7 since at the time that the meeting took place.

09:31AM

8 ALDERMAN AUSTIN: I think that what has  
9 occurred is a misunderstanding. Because from my  
10 understanding from Major Harvey is that the reason  
11 for the denial would be if you're renting the  
12 facility, and you want to use it as a church, then  
13 I have a right to say, no, you cannot use this  
14 facility as another church. Now, if that's not  
15 what has been transmitted to you, then --

09:31AM

16 MR. LEÓN: No, I mean, I think that the  
17 attorneys could articulate what the issues, the new  
18 issues, are --

09:31AM

19 ALDERMAN AUSTIN: Because I believe that I  
20 didn't bring these issues up because of Christ the  
21 King. But now we got issues because of this with  
22 the Salvation Army because they are -- their entity  
23 is a church?

24 COMMISSIONER RAGUSO: Christ the King

1 accepted all -- they --

2 ALDERMAN AUSTIN: Oh, so you're saying that  
3 Salvation Army is not accepting all of what?

09:31AM

4 COMMISSIONER RAGUSO: This whole issue around  
5 religious orientation and who is able to use the  
6 facility.

7 ALDERMAN AUSTIN: But if you are a religious  
8 entity -- Christ the King can refuse to let anybody  
9 in their church.

09:31AM

10 COMMISSIONER RAGUSO: No, they can't.

11 ALDERMAN AUSTIN: Yes, they can. They will  
12 not allow another church facility in their church --  
13 in their building.

14 MR. SMITH: But to clarify --

09:32AM

15 COMMISSIONER RAGUSO: It's a school.

16 MR. SMITH: They're not renting --

17 ALDERMAN AUSTIN: Never mind.

18 MR. SMITH: They're letting --

19 ALDERMAN AUSTIN: Never mind.

20 TREASURER NEELY: I have a --

21 ALDERMAN AUSTIN: Because this is not going  
22 to -- no. Go ahead.

23 TREASURER NEELY: Have they agreed to  
24 everything that we have asked, that they are not



1 going to discriminate --

2 COMMISSIONER RAGUSO: Can the lawyers --

3 MR. STEPHAN: I can respond to that. We have  
4 had a series of discussions with them.

09:32AM

5 And first let me just be clear that  
6 because they are a religious organization, many of  
7 the anti-discrimination laws contain exceptions for  
8 religious organizations. So they have agreed to  
9 comply with law. But because of these exceptions,  
10 it is not likely that they would be restricted from  
11 discriminating.

09:32AM

12 So we've asked for additional  
13 covenants in the loan agreement that will be  
14 between CDF and the Salvation Army about  
15 discrimination, and they have agreed in principle  
16 that they will not discriminate in the provision of  
17 services or the rental of the facility.

09:32AM

18 But they have also indicated that  
19 they will not rent the facility for religious or  
20 political purposes. And so they will not rent the  
21 facility to another religious organization for  
22 worship.

09:33AM

23 ALDERMAN AUSTIN: Right.

24 MR. STEPHAN: They have indicated that they

1 would rent it for, if that religious organization  
2 wanted to rent the pool or the gymnasium for a  
3 social gathering.

09:33AM 4 TREASURER NEELY: I'm sorry. So if a  
5 religious organization wanted to rent the  
6 gymnasium, they'd rent it.

7 MR. STEPHAN: As long as it was not for  
8 worship purposes.

09:33AM 9 TREASURER NEELY: So if a religious  
10 organization wanted to rent it for recreation, they  
11 could.

12 MR. STEPHAN: That's what they have  
13 indicated, yes.

09:33AM 14 TREASURER NEELY: Okay. And what if someone  
15 wanted to rent it for -- you know, the gymnasium  
16 for a rally that represented a principle they  
17 didn't agree with?

09:33AM 18 MR. STEPHAN: There is the other prong, and  
19 that's what we have been discussing with them. And  
20 they have indicated -- we asked them, well, what  
21 does political mean? And they said that they  
22 envision political to refer to a meeting sought by  
23 a group specifically to discuss a public position  
24 on the topic, as well as any type of event to

1 promote a specific candidate, political party, or  
2 specific piece of legislation.

3 TREASURER NEELY: That's very vague. Like  
4 what is discuss a topic? We're going to discuss if  
09:34AM 5 I like your suit.

6 MR. STEPHAN: I understand you don't, but --  
7 (Laughter.)  
8 -- that's okay.

9 That's right. And that's what we  
09:34AM 10 have been pursuing these discussions to get a  
11 better understanding of what they meant by that.  
12 And we have also asked them to clarify that and if  
13 they could limit that.

14 We understand -- and I think it's  
09:34AM 15 been communicated to them -- we understand the  
16 issues they have with promoting a specific  
17 candidate for a political party because that could  
18 impact their 501(c)(3) status, and we understand  
19 that. But we have asked for clarification and  
09:34AM 20 limitation on this "meeting sought by a group  
21 specifically to discuss a public position on a  
22 topic," because that could, as you say, include  
23 almost anything. And we're also concerned then  
24 that it could also be implemented in such a way

1 that --

2 TREASURER NEELY: It's discriminatory.

3 MR. STEPHAN: -- it's discriminatory.

4 So that -- really, those are the two  
09:34AM 5 remaining issues. We have made great progress with  
6 them. And, again, they have agreed to a covenant  
7 not to discriminate. In their view, though, as  
8 long as they uniformly apply these restrictions,  
9 they're not discriminating. And I think that  
09:35AM 10 reasonable people can disagree on that position,  
11 but that is their position, and they've made that  
12 clear.

13 So that's where we are right now.  
14 We've sought some clarification. And we appear to  
09:35AM 15 be at an impasse currently, but we continue to, I  
16 think, seek resolution on those issues.

17 MR. LEÓN: If I could add, I gave the  
18 example, what if the City of Chicago wants to host  
19 a budget hearing there, and they have the right to  
09:35AM 20 say no because that represents a public position;  
21 so they could say legitimately, based on that  
22 comment, that the City of Chicago -- it's a  
23 beautiful facility, will be a beautiful facility --  
24 but they could say, Well, you're holding a budget

1 hearing, therefore, that represents taking a  
2 position on the budget hearing, therefore no.

3 ALDERMAN AUSTIN: And they told you that they  
4 could not do that?

09:36AM 5 MR. LEÓN: No, no, I used that as an example.

6 ALDERMAN AUSTIN: I was fittin' to say 'cause  
7 that's not true 'cause I brought that up myself to  
8 Major Harvey that there are no facilities on the  
9 Far South Side except at South Shore Country Club  
09:36AM 10 for us to even host a budget meeting; will we be  
11 able to do it here? Yes. As well as with Colonel  
12 Grindle.

13 The other one was that if somebody  
14 would come in, a political individual, that wanted  
09:36AM 15 to rent a room and then turn around and say that  
16 they are using that room as their political  
17 headquarters. That was the reason on the political  
18 part of it, because you are renting a particular  
19 room for however long, however many days, and  
09:36AM 20 then you could say that this is your political  
21 headquarters.

22 MR. LEÓN: I'm not privy to all the  
23 negotiations that have taken place between you and  
24 the group or the City, but I think, based on what

1 they have represented to the City, is subject to  
2 interpretation. So if you can -- if they put it  
3 in writing, I think that everybody will feel very  
4 comfortable with doing that.

09:37AM

5 TREASURER NEELY: And are they willing to do  
6 that?

7 MR. LEÓN: I don't know.

8 TREASURER NEELY: Are they willing to put  
9 something in writing?

09:37AM

10 MR. STEPHAN: Well, we have a covenant, a  
11 nondiscrimination covenant. But they have, in  
12 e-mail exchanges, they have indicated, again, that  
13 they will restrict the rental of the facility for  
14 political or religious purposes. We asked for  
15 clarification. I earlier read the language that  
16 they provided. And this is the language that we  
17 asked that they clarify and limit.

09:37AM

18 And so I think that was the last  
19 request made was that -- and I wasn't privy to that  
20 discussion, but I think the request was made: Can  
21 you either delete that prong or restrict it further  
22 so that it's more easily understood how it will be  
23 implemented --

09:37AM

24 ALDERMAN AUSTIN: So you want them to

1 eliminate whether they have a right to restrict  
2 another religious body from renting their facility.

09:37AM 3 MR. STEPHAN: No. I was asking -- I was  
4 speaking specifically to -- I'm setting aside the  
5 religious organizations. We were asking for  
6 clarification on the prong of specifically to  
7 discuss a public position on a topic. Just  
8 clarification on -- and, hopefully, a limitation  
9 on that prong. Because I think most would agree  
09:38AM 10 that's vague, and so we would like some  
11 clarification on that.

12 TREASURER NEELY: Yeah, that's vague.

13 MR. SAFFOLD: Yeah, you can drive a truck  
14 through that one.

09:38AM 15 ALDERMAN AUSTIN: Are you driving the truck?

16 MR. SAFFOLD: Construction truck.

17 COMMISSIONER RAGUSO: So knowing the Advisory  
18 Board's position, hearing the legal ramifications  
19 being discussed, knowing that we just passed this  
09:38AM 20 through CDC, knowing it's an exceptional project,  
21 and, you know, we want to help them however we can  
22 possibly help, they actually presented at Plan  
23 Commission yesterday, and I grabbed everybody  
24 behind Council Chambers to try to work out a mutual

1 resolution on these two sticking points. And they  
2 left at about 4:30 saying, Let us go back and we'll  
3 discuss it internally.

4 Got an e-mail last night at 8:30  
09:38AM 5 with a letter saying we can't agree to this. So,  
6 you know, I thought we were working towards a  
7 resolution to try to meet common ground so we could  
8 not put the City in a position that, according to  
9 the lawyers, is if they choose the two provisions  
09:39AM 10 that we have recommended and say we can't agree --

11 MR. MUNIN: I'm sorry. What are they saying  
12 they can't agree to?

13 COMMISSIONER RAGUSO: To have religious  
14 organizations -- they can -- in renting -- and,  
09:39AM 15 again, renting is -- it's not going to be the huge  
16 core of this facility. The core of this facility  
17 is to serve, you know, the youth and -- not only  
18 the youth, it's to serve the community, period.

19 I mean, it is a fabulous, fabulous,  
09:39AM 20 fabulous; it's going to be absolutely brilliant,  
21 and long overdue for this community.

22 MR. MUNIN: I thought we were okay with that,  
23 that they can't -- they're saying we can't rent --  
24 we will not rent the facility to a religious group



1 for religious purposes, and we're saying that  
2 that's okay, yes? Do we have a problem with that?

3 MR. STEPHAN: It's a policy decision. I  
4 think legally they're permitted to do that. It's a  
09:40AM 5 policy decision.

6 MR. MUNIN: Okay. The more troubling one is  
7 the second part, right? Are they saying they can't  
8 agree to what on the --

9 COMMISSIONER RAGUSO: They want essentially a  
09:40AM 10 veto power who can -- if they are going -- if a  
11 religious group or a political organization is  
12 going to have -- hold a meeting, convene a meeting  
13 that is going to be contradictory to what their  
14 core mission is --

09:40AM 15 ALDERMAN LAURINO: They want to be able to  
16 say no.

17 COMMISSIONER RAGUSO: -- they want to be able  
18 to say no.

19 TREASURER NEELY: And how long is this  
09:40AM 20 covenant in place, as long as the debt's  
21 outstanding, and then it goes away?

22 MR. STEPHAN: And, just to clarify, what  
23 they're saying is they're just not going to allow  
24 any political meeting. So -- I mean, they're --

1 the reason they're saying they're able to --

2 ALDERMAN LAURINO: What's political?

3 TREASURER NEELY: But you said it was more  
4 vague than that. I mean, political is actually  
09:40AM 5 more specific. You said any topic.

6 MR. STEPHAN: Public position on any topic.

7 TREASURER NEELY: Public position. That's  
8 not necessarily political. A public position on a  
9 topic could be, you know, animal rights.

09:40AM 10 MR. SAFFOLD: Immigration.

11 MR. STEPHAN: Political. We, again, asked  
12 them what is a political meeting, and their  
13 definition is the one I read earlier.

14 TREASURER NEELY: And that's just too vague.

09:40AM 15 MR. STEPHAN: But what they're saying is  
16 we're going to apply it uniformly, so we're not  
17 going to pick and choose, we're just going to say  
18 no. But the issue is that it's so vague that how  
19 do you decide whether you're discussing a public  
09:41AM 20 position on a topic or not? And that's where we've  
21 asked for clarification. In addition to indicating  
22 for them that we are still considering the  
23 religious organization exception as well.

24 TREASURER NEELY: And where are they on that

1 position? They can't agree to be more specific?

2 They won't clarify it more?

3 COMMISSIONER RAGUSO: They've said no, they  
4 can't agree to anything we've proposed.

09:41AM

5 TREASURER NEELY: And that's not your  
6 understanding, is it, Carrie?

7 ALDERMAN AUSTIN: No.

8 ALDERMAN LAURINO: So is there an opportunity  
9 to come back to the table?

09:41AM

10 ALDERMAN AUSTIN: I was only made aware that  
11 this was an issue, what, a couple of days ago?

12 TREASURER NEELY: Should we table this and  
13 get further clarification so that we can make an  
14 informed decision?

09:41AM

15 COMMISSIONER RAGUSO: I would hope so.  
16 Because my intent is to find resolution to this, to  
17 get the two parties to be able to agree to some  
18 mutual acceptable legal language.

19 TREASURER NEELY: Are we on some kind of time  
20 restraint?

09:41AM

21 COMMISSIONER RAGUSO: No. I mean, they -- in  
22 their letter, they represent that if we don't vote  
23 on it today, they're going to seek an application  
24 elsewhere --

1 MR. SAFFOLD: Seek an application --

2 ALDERMAN AUSTIN: No, we can't wait. They  
3 can't wait.

4 TREASURER NEELY: So there is a time pressure.

09:42AM

5 COMMISSIONER RAGUSO: They have funding to  
6 move forward on construction. They have secured --  
7 I mean, they can break ground --

8 TREASURER NEELY: They have a \$45 million  
9 grant.

09:42AM

10 COMMISSIONER RAGUSO: Yes. They're in for  
11 permits, and we're moving them along expeditiously.  
12 They should be breaking ground in August. This  
13 allegedly allows them to do more, the \$5 million  
14 allocation. You know, it's five million. It's a  
15 20-some, you know, million allocation with a five  
16 million subsidy.

09:42AM

17 MR. MUNIN: Now, this group must have gotten  
18 public funding in other places, haven't they? Is  
19 this the first time that that ever -- I can't  
20 imagine this is the first time this issue has ever  
21 come up, and how did it get resolved?

09:42AM

22 MR. SAFFOLD: It might be because of New  
23 Market Tax Credits or something?

24 MR. MUNIN: Yeah, but that kind of -- I mean,

1 we have kind of the same thing with respect to  
2 delegate agencies as well, and I, you know --

3 MR. SAFFOLD: You're saying what, grants?

4 MR. FEHLAN: Scott Fehlan from the Law  
09:42AM 5 Department, City of Chicago.

6 We understand that when they are  
7 trying to acquire land from public entities such as  
8 the City, they're very concerned to make sure that  
9 they pay fair market value so that they are not  
09:43AM 10 perceived to be receiving a subsidy which might  
11 give the public entity an opportunity to impose  
12 additional restrictions on the use of the facility.

13 And so, although we have not  
14 researched this, the general understanding we have  
09:43AM 15 was that when they acquire land, they try to ensure  
16 that it's fair market value to avoid getting  
17 additional restrictions imposed on them.

18 The difference is with the New  
19 Markets program, since it is a subsidy and a  
09:43AM 20 publicly controlled body, the CDF is making a  
21 decision to allocate the subsidy, there is the  
22 opportunity to impose these additional  
23 nondiscrimination requirements. And so I don't  
24 know, Tony, whether they've successfully closed any

1 New Markets subsidy transactions in other cities?

2 I know that a couple have fallen through.

3 MR. SMITH: To my knowledge, they have not  
4 closed with another government-sponsored CDE. But  
09:43AM 5 they are, at least at other closings, they are very  
6 close to closing other transactions with non  
7 government sponsored CDE.

8 MR. FEHLAN: And when I spoke to the  
9 Salvation Army representative yesterday, he raised  
09:44AM 10 the same question: Why did this not come up with  
11 the other allocatees? We pointed out that the  
12 Chicago Development Fund is unique in being -- they  
13 are controlled by a public entity.

14 They also mentioned the, what we  
09:44AM 15 call delegate agency grant agreements, so subsidies  
16 for social services; and in that case, there is  
17 standard language in the City's agreements, and  
18 presumably in agreements for others, that when  
19 they provide the specific services that are being  
09:44AM 20 subsidized by that grant, they won't discrimination  
21 in the provision of services; however, those grants  
22 are subsidizing services as opposed to subsidizing  
23 the construction of a facility. And that was  
24 another distinction that we talked about yesterday.

1 MR. MUNIN: So they do receive public funding  
2 either through delegate agencies that --

3 MR. FEHLAN: Yes. In fact, the City of  
4 Chicago has issued delegate agency agreements to  
09:45AM 5 them.

6 ALDERMAN AUSTIN: With who? Where?

7 MR. FEHLAN: To the Salvation --

8 ALDERMAN AUSTIN: Where? Which one?

9 MR. FEHLAN: I don't know offhand. I know  
09:45AM 10 that they -- we could certainly confirm that.

11 ALDERMAN AUSTIN: Yeah, please do. Please  
12 do. I want to know which one that has the delegate  
13 agency that you -- or the City has given funds to.  
14 Because I'm the one told them to apply for these  
09:45AM 15 funds, and now here you come with all of these  
16 other restrictions.

17 COMMISSIONER RAGUSO: So we had thought that,  
18 local folks had agreed, about a week ago -- was it  
19 a week ago? that they had agreed to the terms that  
09:45AM 20 we had --

21 MR. FEHLAN: Yeah. There was a meeting on,  
22 I believe, June 4th with representatives of the  
23 Salvation Army, their counsel from Sidley Austin,  
24 representatives of DCD and from the Department of

1 the Environment, and at that meeting the, both the  
2 attorney for Salvation Army and the Salvation Army  
3 rep, said: Our current operational thinking is  
4 that when we rent the facility, we will not  
09:46AM 5 discriminate based on the content of the speech or  
6 the views expressed at that meeting. That was a  
7 very positive development.

8 When Bob Stephan, as counsel to CDF,  
9 asked them to confirm in writing that they would  
09:46AM 10 agree to that restriction, within a few days they  
11 replied that that position had been overridden by  
12 the corporate office, and they were no longer able  
13 to make that representation in writing.

14 ALDERMAN LAURINO: But you feel comfortable  
09:46AM 15 that you can bring this back to the table and see  
16 if there's any further development.

17 TREASURER NEELY: Yeah, I don't read that  
18 sentence the same way you do. I read it says:  
19 Our request to the Fund may not be considered at  
09:46AM 20 tomorrow's meeting.

21 We've considered it.

22 COMMISSIONER RAGUSO: Right.

23 TREASURER NEELY: So it's not that we didn't  
24 consider it, we're just needing further



1 information --

2 COMMISSIONER RAGUSO: Yes. So this letter  
3 was a surprise to me, because yesterday's meeting  
4 was let's keep working at this so we can just  
09:46AM 5 figure out how to get everybody comfortable with  
6 language that's going to be acceptable to the board  
7 and -- and in the City policy. So --

8 MR. MUNIN: I don't know; I mean, at the end  
9 it says that they're respectfully withdrawing the  
09:47AM 10 application.

11 TREASURER NEELY: If we didn't consider it.

12 MR. MUNIN: Yeah. But my guess is that when  
13 they say "consider," they mean --

14 COMMISSIONER RAGUSO: They mean vote.

09:47AM 15 MR. MUNIN: -- consider approval, same thing.

16 COMMISSIONER RAGUSO: And since -- they just  
17 sent this e-mail at 8:30 last night, so I got the  
18 letter first thing this morning. And they  
19 obviously knew we were meeting this morning. So it  
09:47AM 20 was -- it threw us back because they had agreed to  
21 the terms, and then they came back and said no, we  
22 can't. So that's when we started to try to meet  
23 and figure out how we could get both parties on  
24 common ground. So --

1 ALDERMAN LAURINO: So your recommendation is  
2 we're going to hold this item?

09:48AM 3 COMMISSIONER RAGUSO: My recommendation is to  
4 hold this and, you know, I'm hoping that -- and,  
5 Alderman, you know, I know you told them that, you  
6 know -- although, is this -- is this -- I guess  
7 I -- is this acceptable to you that they are saying  
8 no, we're not agreeing to these terms?

09:48AM 9 ALDERMAN AUSTIN: No, 'cause that's -- like I  
10 said, I think we all have different opinions of  
11 what they are saying.

12 Commissioner, had this been brought  
13 up in an earlier time to me, I think that I could  
14 have had a more satisfactory answer for you. But I  
09:48AM 15 think that you made me aware of this a couple of  
16 days ago. Now --

17 COMMISSIONER RAGUSO: And that's when I was  
18 made aware of it.

09:48AM 19 ALDERMAN AUSTIN: Well, now, they just said  
20 it was at the last advisory meeting. So when was  
21 it? Because if these questions were brought up  
22 before, why wasn't I made aware of them? And  
23 that's what he just said.

24 MR. LEÓN: At the advisory meeting, we

1 discussed only two issues, the separation of church  
2 and state, which was clarified by Mayer Brown, and  
3 the discrimination because of sexual orientation.  
4 The other issues related to being able to allow  
09:49AM 5 organizations to take a public position, that came  
6 up recently. But --

7 ALDERMAN AUSTIN: That's what I'm saying,  
8 every time you meet about it, you come up with  
9 something new, but nobody is informing me. That's  
09:49AM 10 what I'm saying. You brought this up as far as  
11 sexual orientation at the CDC meeting. I thought  
12 you were answered then that if you're renting the  
13 place, what, am I going to ask you what are your  
14 sexual preferences? That doesn't make any sense.

09:49AM 15 So when was these questions brought  
16 up before? Since I'm just now knowing, and you're  
17 saying you are just now being made aware of them.  
18 Because I believe -- because, like I said, talking  
19 to Major Harvey is one thing, but talking to  
09:49AM 20 Colonel Grindle is another thing.

21 COMMISSIONER RAGUSO: The issue of the  
22 religious and political views, within the past week.

23 ALDERMAN AUSTIN: Well, I gave you the  
24 examples of what we have been discussing, "we"

1 being the Salvation Army and I.

2 COMMISSIONER RAGUSO: Right.

3 ALDERMAN AUSTIN: So I'm trying to see how  
4 did we get off on such two different tangents?

09:50AM

5 COMMISSIONER RAGUSO: And that's what I'm not  
6 clear on because I know --

7 ALDERMAN AUSTIN: Not clear as to what?

8 COMMISSIONER RAGUSO: Yesterday at Plan  
9 Commission you said this is open to everybody.

09:50AM

10 ALDERMAN AUSTIN: It is open to everybody.

11 COMMISSIONER RAGUSO: I'm just -- we're just  
12 trying to get them to memorialize that in language.

13 ALDERMAN AUSTIN: I doubt very seriously if  
14 Father Pfleger is going to rent his facility to  
15 Pastor Parson for any religious meeting. Isn't  
16 that the same thing? Is that or is that not the  
17 same thing?

09:50AM

18 COMMISSIONER RAGUSO: But we're not giving  
19 them New Market Tax Credits.

09:50AM

20 ALDERMAN AUSTIN: Now, why would I use it if  
21 it wasn't the same example; we're giving them tax  
22 credits? Come on, Commissioner, just forget it,  
23 because you're going to do nothing but just make me  
24 more and more angry.

1 MR. SAFFOLD: Is there a way to, I mean, to  
2 get whatever clarification, the next step here? Do  
3 we need to do a voice vote or something or a phone  
4 call --

09:51AM

5 COMMISSIONER RAGUSO: That's what I was  
6 hoping for.

7 MR. SAFFOLD: -- to meet their decision  
8 deadline?

09:51AM

9 COMMISSIONER RAGUSO: That's why I was hoping  
10 to have it heard today so that we are going to keep  
11 working at this today and hope that --

12 MR. SAFFOLD: I think everyone understands  
13 where we are --

14 COMMISSIONER RAGUSO: Yes.

09:51AM

15 ALDERMAN AUSTIN: Because talking to Major  
16 Harvey, that's one thing, who is who I talk to all  
17 the time. But the head is Colonel Grindle.

09:51AM

18 COMMISSIONER RAGUSO: Yeah. And this has  
19 just all transpired so quickly that I just wanted  
20 to make sure the body heard it today --

21 ALDERMAN AUSTIN: But for you to say it  
22 transpired so quickly and nobody has informed me,  
23 that's what I'm talking about. So if all of these  
24 were problems and ahead of time, wouldn't have

1 somebody tell me?

2 COMMISSIONER RAGUSO: It wasn't a problem  
3 until a couple days ago when they came with this.  
4 And according to --

09:51AM 5 ALDERMAN AUSTIN: He just said it was a  
6 problem in the advisory meeting.

7 COMMISSIONER RAGUSO: But they said we agree  
8 to it.

9 ALDERMAN AUSTIN: No, he didn't.

09:52AM 10 MR. LEÓN: No, what I said is those were the  
11 conditions under which we made a recommendation to  
12 the --

13 ALDERMAN AUSTIN: So your disagreement now is  
14 because it's too broad; is that what you're saying?

09:52AM 15 TREASURER NEELY: They said that the  
16 corporate overruled local.

17 COMMISSIONER RAGUSO: Right.

18 MR. LEÓN: And if you recall --

19 ALDERMAN AUSTIN: Which is Colonel Grindle.

09:52AM 20 MR. LEÓN: If you recall, Alderman,  
21 last Tuesday, last week I asked very specifically  
22 the question at the CDC, and they answered that  
23 they will comply with all the City ordinances and  
24 regulations.

1 ALDERMAN AUSTIN: That's right. Everybody  
2 has to.

3 MR. LEÓN: They said that. Within the last  
4 week or few days --

09:52AM

5 ALDERMAN AUSTIN: So now you're saying that  
6 they said that they will not comply with the City's  
7 rules and regulations.

8 COMMISSIONER RAGUSO: Per corporate, yes.

9 ALDERMAN AUSTIN: Is that what you're saying?

09:52AM

10 ALDERMAN LAURINO: Well, let me just say,  
11 Alderman Austin, I think that you are correct, that  
12 you have not been in the loop on this, absolutely  
13 not. So what would you like to see happening from  
14 today?

09:52AM

15 ALDERMAN AUSTIN: Table it until I talk to  
16 Colonel Grindle.

17 ALDERMAN LAURINO: Okay. Excellent. Can we  
18 agree on that?

19 TREASURER NEELY: Motion to table the Austin  
20 Family Health Center transaction.

09:52AM

21 ALDERMAN AUSTIN: No, it's the Salvation Army.

22 TREASURER NEELY: I'm sorry. The Ray and  
23 Joan Kroc Corps Community Center Project. Thank  
24 you.

1 MR. MUNIN: Second.

2 MR. SAFFOLD: I agree.

3 COMMISSIONER RAGUSO: All those in favor.

4 TREASURER NEELY: If there's a motion made by  
09:53AM 5 me, Gene Saffold will never second. That is just a  
6 rule.

7 (Laughter.)

8 COMMISSIONER RAGUSO: So assuming Alderman  
9 Austin can speak with the Salvation Army and get us  
09:53AM 10 to where we need to be, how do -- how can we get a  
11 vote without reconvening the body?

12 MR. NAREFSKY: Well, either you have --

13 TREASURER NEELY: Phone poll?

14 MR. NAREFSKY: I think we might want to, so  
09:53AM 15 we're complying with Open Meetings Act, and avoid  
16 your need to have another meeting, maybe include  
17 something in the treasurer's motion to table that  
18 would delegate to you, after there is hopefully  
19 resolution and clarity, to inform the board members  
09:53AM 20 of that, but to get approval today subject to  
21 resolution of these open issues.

22 ALDERMAN LAURINO: Or just have another  
23 meeting. Is there a problem?

24 Alderman Austin, what would you like?



1 ALDERMAN AUSTIN: I would prefer to have  
2 another meeting.

3 MR. NAREFSKY: That's fine. You can have a  
4 special meeting called on 48 hours' notice, so it's  
09:54AM 5 not a time limit, it's not an issue of great time.

6 COMMISSIONER RAGUSO: But just to be clear,  
7 everybody's in next week that can -- we can  
8 reconvene quickly if we need -- okay. Like I'm  
9 hoping Monday or --

09:54AM 10 ALDERMAN LAURINO: Like don't wait until the  
11 week of July 4th.

12 COMMISSIONER RAGUSO: Right. Like Tuesday or  
13 Wednesday --

14 TREASURER NEELY: I have pension board  
09:54AM 15 meeting, so ... I can only do what I can do.

16 COMMISSIONER RAGUSO: Right. That's why I  
17 was hoping that if we couldn't all convene, that  
18 there was another way to get this vote --

19 MR. MUNIN: Well, we can still do -- some of  
09:54AM 20 you can attend by phone, correct?

21 MR. NAREFSKY: Well, some can, subject to  
22 making sure we, you know, comply with the quorum  
23 requirement of having people present.

24 MR. MUNIN: Right.

1           MR. NAREFSKY: It will obviously be a short  
2 meeting. I think one of the reasons for trying to  
3 get the consideration on the table today was to  
4 make sure that all the board members knew what the  
09:54AM 5 status was. And so if we have another meeting,  
6 presumably it could be a very short meeting.

7           MR. SAFFOLD: How about around Thursday or  
8 Friday?

9           COMMISSIONER RAGUSO: I'm hoping Tuesday or  
09:55AM 10 Wednesday of next week.

11           MR. FEHLAN: Commissioner, I assume the  
12 instructions are that the assurances that we get  
13 from the Salvation Army to the CDF should be in  
14 writing, which is the form that Bob Stephan has  
09:55AM 15 been trying to achieve, because historically  
16 there's been sometimes a disconnect between the  
17 verbal assurances they provide and what they're  
18 willing to sign.

19                       So I just wanted to confirm,  
09:55AM 20 because it sounds like there may be some informal  
21 conversations between, you know, the Alderman and  
22 the Salvation Army. I assume, though, that the CDF  
23 board wants to make sure that those are actually  
24 reduced to writing.

1 MR. MUNIN: I think it's best for everybody  
2 because otherwise you're going to have all sorts of  
3 confusion later on if you don't do that.

09:55AM 4 MR. SAFFOLD: I like to read something that  
5 we're passing.

6 MR. SMITH: Well, and does the board want  
7 to articulate a policy on what it would find  
8 acceptable in writing or not?

9 ALDERMAN LAURINO: No.

09:55AM 10 MR. FEHLAN: Or do you want to discuss that  
11 at the next meeting?

12 ALDERMAN LAURINO: We don't want to do that.

13 Alderman Austin, are you going to  
14 bring somebody from the Law Department; would you  
09:56AM 15 consider that, to be part of the meeting to meet  
16 with Colonel Grindle?

17 ALDERMAN AUSTIN: Well, when I talk with  
18 Colonel Grindle -- first I have to get a phone  
19 conversation with him, and I don't know if he's  
09:56AM 20 here in Chicago or if he's traveling. And then  
21 when I find out whether he's traveling or not, then  
22 I'll see if I can get a meeting here in the city.

23 ALDERMAN LAURINO: I can come by his  
24 administrative offices. They're at the 39th Ward.

1 ALDERMAN AUSTIN: Yeah, I know.

2 COMMISSIONER RAGUSO: Okay. So is the  
3 motion --

09:56AM 4 MR. NAREFSKY: I'm not sure really we need a  
5 motion. We're not doing anything, we're not taking  
6 action, so it's not clear to me that a motion is  
7 needed.

8 COMMISSIONER RAGUSO: The assumption then  
9 we'll be hosting an emergency meeting --

09:56AM 10 MR. SAFFOLD: A motion to seek more  
11 information and to come back --

12 MR. NAREFSKY: The intention was  
13 consideration of the matter --

14 MR. SAFFOLD: So we can tell them that we did  
09:56AM 15 consider it.

16 TREASURER NEELY: And we voted.

17 MR. SAFFOLD: We voted, yeah.

18 MR. MUNIN: Somehow, I don't think that's  
19 exactly what they had in mind.

09:57AM 20 TREASURER NEELY: And we're not going to put  
21 it in writing either.

22 MR. MUNIN: But other than that, they got  
23 everything they wanted.

24 COMMISSIONER RAGUSO: Okay. Next item of

1 business is the approval of the application for the  
2 2010 round allocation.

3 Tony.

09:57AM 4 MR. SMITH: So the CDF filed a 2010 New  
5 Markets Tax Credit allocation application on  
6 June 1st requesting \$131 million of additional tax  
7 credit authority.

09:57AM 8 The application changed a bit from  
9 prior years in terms of how the CDFI fund, what  
10 questions they put in the application. But the  
11 response from CDF was very consistent with prior  
12 applications as far as community facilities,  
13 grocery-anchored retail in underserved neighbor-  
14 hoods, and industrial expansion that retains and  
09:57AM 15 increases jobs in Chicago as being the primary  
16 investment priorities for CDF.

09:58AM 17 So it's our advice from Mayer Brown  
18 that in order to keep the application in play,  
19 CDF's board should ratify the application via  
20 resolution.

21 So I guess actually I'll pause  
22 there, and we can have that matter considered as to  
23 whether the board would ratify that.

24 ALDERMAN AUSTIN: Before we consider that

1 matter, what are we doing with Aldi's? I'm  
2 looking, and how much are we trying to allocate  
3 for them?

09:58AM 4 MR. SMITH: Aldi received an authorization  
5 from the board to close up to \$10 million in QEIs,  
6 qualified equity investments. This was, I believe,  
7 in the January meeting. And we're still working  
8 with Aldi. They're telling us that they're working  
9 up the approval --

09:58AM 10 COMMISSIONER RAGUSO: Is that for one project?

11 MR. SMITH: \$7 million of allocation for two,  
12 or \$10 million for three.

13 ALDERMAN AUSTIN: For what?

09:58AM 14 MR. SMITH: For the two stores that they seem  
15 most likely to do is a replacement store at 63rd  
16 and Union for an existing store that's aging, and  
17 then a new facility at 83rd and Stewart.

18 ALDERMAN AUSTIN: And they're asking for New  
19 Market Tax Credits, but they didn't ask for any  
09:59AM 20 other stores? Just those two?

21 MR. SMITH: We asked them if they had any  
22 other stores in underserved neighborhoods that they  
23 would want to consider as part of this, and they  
24 said, Well, these two are the most ready to go.

1 But the board authorized up to \$10 million in case  
2 they wanted to add a third store that addressed the  
3 food-desert issue.

4 ALDERMAN LAURINO: Just in case.

09:59AM

5 MR. SMITH: Yeah, they said they had a couple  
6 more that they were thinking about.

7 ALDERMAN LAURINO: But they have issues with  
8 their parent company, correct, in Germany?

09:59AM

9 MR. SMITH: Right. They're still  
10 deliberating about whether they're comfortable with  
11 the tax credit structure, and every time we talk  
12 with them, they say, yes, we're still going to do  
13 this; it's just a matter of getting the approvals.  
14 But it has taken a long time.

09:59AM

15 MR. NAREFSKY: As to the resolution on the  
16 table, which is just with respect to filing the  
17 application for the 2010 New Markets round, it's  
18 really a technical matter. The timing is such that  
19 the application went in before today's board

09:59AM

20 meeting. And I know you had notified all the board  
21 members by letter of the timing. And, obviously,  
22 it's an important thing to get the application in.

23 So the resolution Tony's talking  
24 about is simply one that is ratifying the

1 application, the submittal of the application.

2 COMMISSIONER RAGUSO: And the application is  
3 \$131 million?

4 MR. SMITH: Um-hmm.

10:00AM

5 COMMISSIONER RAGUSO: And why did we justify  
6 \$131 million?

7 MR. SMITH: We looked at projects that are  
8 under discussion, either pre-application or  
9 applications in process, and that seems like a  
10 reasonable amount to accommodate every transaction  
11 CDF is considering.

10:00AM

12 We thought about asking for 150,  
13 which would have been the theoretical maximum; but  
14 it seems like a more precise request might be  
15 treated more seriously, and so we tied to our  
16 pipeline.

10:00AM

17 TREASURER NEELY: We usually ask for the max,  
18 don't we?

19 MR. SMITH: We usually do.

10:00AM

20 TREASURER NEELY: But don't ever get it.

21 MR. SMITH: No. Nobody tends to get the  
22 maximum.

23 TREASURER NEELY: I just don't see why we  
24 wouldn't ask for the max again, and they'll give us



1 whatever they deem appropriate.

2 COMMISSIONER RAGUSO: Yeah, that's why I  
3 asked how we came up -- I wasn't sure how we came  
4 up with \$131 million. Is it based on the existing  
10:01AM 5 pipeline, or trends that we're now seeing as we've  
6 got some good projects under our belt to see what's  
7 transpiring?

8 MR. SMITH: Well, we have a number of  
9 projects that have either applied and we're working  
10:01AM 10 with them, they're, you know, in some stage of  
11 readiness, and then we have others that we've had  
12 discussions, they're going to apply, we have a  
13 sense of how big their request will be.

14 Practically speaking, it would be  
10:01AM 15 very hard for CDF to use \$131 million if we got it  
16 all at once, and chances are we would get allocated  
17 less than what we asked for anyway.

18 MR. MUNIN: So we already filed the  
19 application. Can you amend that?

10:01AM 20 MR. SMITH: No.

21 MR. MUNIN: Okay. So doesn't look like  
22 that's an option.

23 I'd make a motion to ratify the  
24 application that's been filed.

1 COMMISSIONER RAGUSO: To the maximum?

2 MR. SMITH: We can't change it.

3 MR. MUNIN: It's 131. They have already  
4 filed it.

10:01AM

5 TREASURER NEELY: And you made that decision  
6 without the board, to do 131?

7 MR. SMITH: Yeah, we discussed it with City  
8 staff, yeah. Based on the timing, the board could  
9 not approve the application before --

10:02AM

10 COMMISSIONER RAGUSO: And I asked the  
11 question to get at how the decision was arrived  
12 just because of the past two -- wait, three --

13 MR. SMITH: In the fourth round, CDF asked  
14 for \$150 million and received 100, and in the 7th  
15 round, CDF asked for \$125 million and received 55.

10:02AM

16 COMMISSIONER RAGUSO: So in speaking with our  
17 reps and folks, I don't want to say that they  
18 coached us, but it was, you know, suggested that if  
19 we come up with a more calculated approach to the  
20 number that we submit, it shows, you know, the  
21 number that we could actually use --

10:02AM

22 MR. SAFFOLD: It was approved in total, or in  
23 haircut increments, or do they do it project by  
24 project, the worthiness of the allocation, in terms

1 of how they aggregate --

2 MR. SMITH: They don't really tell you much  
3 about the details of their process, but they  
4 certainly, for a pipeline application like CDF,  
10:02AM 5 they don't look project by project, they look more  
6 at what they think your organization's capacity is  
7 to close deals in a given year. So, so far CDF has  
8 closed \$54 million in its largest activity year,  
9 which was 2009.

10:03AM 10 There's also the example out there  
11 of the City of New York that asked for \$500 million  
12 in the third round, which was far above the max  
13 that the CFI fund suggested that people stick to,  
14 and they got nothing.

10:03AM 15 So that was part of the  
16 consideration as well, that asking for the max just  
17 seemed like a little bit of a wrong message to  
18 send; that it would be more calibrated to what we  
19 think the pipeline really could be.

10:03AM 20 ALDERMAN LAURINO: How long have we been in  
21 this business? Were we doing this in 2008?

22 MR. SMITH: CDF first applied in fall of 2005.

23 ALDERMAN LAURINO: 2005.

24 COMMISSIONER RAGUSO: But got the allocation

1 in '6.

2 MR. SMITH: Got notified in '06, and then the  
3 allocation agreement was filed in '07.

4 COMMISSIONER RAGUSO: So we're getting better  
10:03AM 5 at figuring out how --

6 ALDERMAN LAURINO: Yeah, practice makes  
7 perfect.

8 COMMISSIONER RAGUSO: Yeah. Does anyone have  
9 any other questions on this matter?

10:04AM 10 MR. SAFFOLD: I second Gene's motion.

11 COMMISSIONER RAGUSO: What was your motion  
12 again?

13 MR. MUNIN: To ratify the application that  
14 was filed on June 1st for \$131 million in credits.

10:04AM 15 COMMISSIONER RAGUSO: All those in favor.

16 (Chorus of ayes.)

17 Opposed?

18 (No response.)

19 The motion passes.

10:04AM 20 Next order of business is the  
21 authorization to prefund investments.

22 MR. SMITH: So one of the stipulations from  
23 the CDFI fund for applicants is that if they have  
24 received credits in prior rounds, they need to have

1 a certain percentage of their existing allocation  
2 closed by certain target dates in order to keep  
3 their application under consideration.

4 The target that would apply to CDF,  
10:04AM 5 based on where it is today on closed deals is it  
6 would need to close an additional \$6.1 million of  
7 allocation by July 21st of this year to keep its  
8 2010 application in play.

9 If it does not do that, then CDFI  
10:05AM 10 fund would just set the application aside, there  
11 would be no penalty or problem for CDF, it would  
12 just be that it couldn't receive credits in the  
13 2010 round.

14 So the action on the table here is  
10:05AM 15 to do what's known as a prefunding. So that would  
16 be for CDF to receive \$6.1 million in capital from  
17 an investor prior to actually pushing the dollars  
18 out to a project. And that's something that's very  
19 common in the industry.

10:05AM 20 The issue is that once you receive  
21 capital, you have to deploy it within one year, or  
22 else there's a risk that the tax credit allocation  
23 that you used up with that \$6.1 million that we're  
24 talking about here would be taken away by the CDFI

1 fund.

2                   So we've had discussions with  
3 JPMorgan Chase, since we're talking with them about  
4 the largest number of transactions that actually  
10:05AM 5 seem likely to close. So when we look at our  
6 pipeline of approved projects, we have Finkl, which  
7 is still active; we have Aldi; we have the PCC  
8 transaction that was just approved today; and then  
9 we have this meeting upcoming to consider the  
10:06AM 10 Salvation Army project. So a number of likely  
11 transactions that could close and actually use that  
12 prefunded QEI.

13                   So we've had further discussions  
14 with Chase about what the terms would be if they  
10:06AM 15 were to agree to prefund \$6.1 million -- in this  
16 case, we're asking for up to \$7 million for  
17 flexibility -- of allocation.

18                   So Chase has indicated they might  
19 require CDF to maintain \$20 million of total  
10:06AM 20 unclosed allocation available until we actually  
21 push out the prefunded dollars. They would also  
22 like to have the right to withdraw their capital if  
23 no qualifying project had been funded or identified  
24 by March of 2011. They wouldn't necessarily

1 withdraw their capital, but they'd like to have  
2 that discretion.

3 And then CDF would probably be  
4 required to reimburse their legal fees associated  
10:07AM 5 with closing the QEI if there was too much of a lag  
6 time between taking in the dollars and actually  
7 deploying them in a project.

8 MR. SAFFOLD: So that first part you  
9 mentioned with regard to \$20 million, to reserve  
10:07AM 10 that, you're talking about, to be added with this  
11 prefunded component to do --

12 MR. SMITH: To have the flexibility to do  
13 that just in case, you know, a \$20 million deal  
14 came along or something larger than \$6 million,  
10:07AM 15 that CDF would have the ability to do the entire  
16 transaction.

17 MR. SAFFOLD: For how long would that be in  
18 effect?

19 MR. SMITH: They haven't specified, but I  
10:07AM 20 would imagine it's as long as we have prefunded  
21 capital taken in and have not deployed it yet into  
22 a qualified project.

23 MR. SAFFOLD: Okay.

24 MR. SMITH: It would be unreasonable for them

1 to go beyond that period.

2 MR. SAFFOLD: Right.

3 MR. SMITH: And CDF's made it clear and Chase  
4 understands and agrees with the fact that CDF would  
10:07AM 5 only use any dollars it takes in to fund projects  
6 that this body had either previously approved or  
7 approved simultaneously with that funding.

8 MR. SAFFOLD: You have 12 months to do that?

9 MR. SMITH: There's 12 months guaranteed,  
10:08AM 10 and then there's a six-month cure period that's  
11 discussed in IRS private letter rulings on this  
12 that seems like it would be very likely to be  
13 available to CDF, but we can't guarantee that.

14 Basically it seems like CDF would be diligently  
10:08AM 15 pursuing the use of the dollars, and then if it  
16 said, well, we just can't get it done in 12 months,  
17 then the cure period would likely apply based on  
18 private letter rulings.

19 But, practically speaking, there's a  
10:08AM 20 decent chance that CDF would actually be able to  
21 close the PCC transaction by July 21st in its  
22 entirety. We're just waiting on a waiver from the  
23 HRSA, the Federal Administration, allowing the  
24 property to be transferred to a special purpose



1 entity and have a mortgage securing CDF's loans.

2 They have all the documentation in  
3 front of them to provide that signoff. Once they  
4 provide that, CDF can begin the process of closing  
10:09AM 5 PCC.

6 COMMISSIONER RAGUSO: Are there any other  
7 questions on this matter?

8 (No response.)

9 Then do I have a motion --

10:09AM 10 MR. SAFFOLD: Is there action suggested,  
11 action asked for?

12 MR. SMITH: The action would be for this body  
13 to authorize --

14 COMMISSIONER RAGUSO: The prefunding. The  
10:09AM 15 terms that have been explained.

16 MR. SAFFOLD: So move.

17 ALDERMAN LAURINO: Second.

18 COMMISSIONER RAGUSO: All those in favor.

19 (Chorus of ayes.)

10:09AM 20 Opposed?

21 (No response.)

22 Motion passes.

23 Is there any other business that we  
24 have? Is there -- well, hopefully we'll have a

1 special meeting next Tuesday or Wednesday.

2 Then do I have a motion to adjourn  
3 this June 18 Board of Directors meeting for the  
4 chicago Development Fund?

10:09AM

5 TREASURER NEELY: Motion.

6 MR. SAFFOLD: Second.

7 COMMISSIONER RAGUSO: All those in favor.

8 (Chorus of ayes.)

9 Opposed?

10 (No response.)

11 (The proceedings in the  
12 above cause were recessed at  
13 10:09 a.m.)

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1 STATE OF ILLINOIS )  
2 ) SS:  
3 COUNTY OF DU PAGE )  
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5 I, Donna M. Urlaub, a Certified Shorthand  
6 Reporter in and for the County of DuPage and State  
7 of Illinois, do hereby certify that I reported in  
8 shorthand the proceedings of said hearing as  
9 appears from my stenographic notes so taken and  
10 transcribed under my direction.

11 IN WITNESS WHEREOF, I have hereunto set  
12 my hand and affixed my seal of office at Chicago,  
13 Illinois, this 21st day of June 2010.

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